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BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER,
CHAIRMAN
WILLIAM A. MUNDELL,
COMMISSIONER
JEFF HATCH-MILLER,
COMMISSIONER
MIKE GLEASON,
COMMISSIONER
KRISTIN K. MAYES
COMMISSIONER

Arizona Corporation Commission
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IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS SUN CITY WEST WATER AND
WASTEWATER DISTRICTS.

Docket Nos. WS-01303A-02-0867
WS-01303A-02-0868
W-01303A-02-0869
WS-01303A-02-0870
W-01303A-02-0908

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, INC.,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS SUN CITY WATER AND
WASTEWATER DISTRICTS.

**OPENING BRIEF OF
INTERVENOR SUN HEALTH
CORPORATION**

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS MOHAVE WATER AND HAVASU
WATER DISTRICTS.

1 IN THE MATTER OF THE
2 APPLICATION OF ARIZONA-
3 AMERICAN WATER COMPANY, AN
4 ARIZONA CORPORATION, FOR A
5 DETERMINATION OF THE CURRENT
6 FAIR VALUE OF ITS UTILITY PLANT
7 AND PROPERTY AND FOR INCREASES
8 IN ITS RATES AND CHARGES BASED
9 THEREON FOR UTILITY SERVICE BY
10 ITS ANTHEM WATER, AGUA FRIA
11 WATER AND ANTHEM/AGUA FRIA
12 WASTEWATER DISTRICTS.

1 IN THE MATTER OF THE
2 APPLICATION OF ARIZONA-
3 AMERICAN WATER COMPANY, AN
4 ARIZONA CORPORATION FOR A
5 DETERMINATION OF THE CURRENT
6 FAIR VALUE OF ITS UTILITY PLANT
7 AND PROPERTY AND FOR INCREASES
8 IN ITS RATES AND CHARGES BASED
9 THEREON FOR UTILITY SERVICE BY
10 ITS TUBAC WATER DISTRICT.

13
14 **DESCRIPTION OF SUN HEALTH**

15 Sun Health is a non-profit tax exempt corporation that operates a community
16 health care network offering a full range of health and wellness services to residents of
17 northwest Maricopa County, primarily in the communities of Sun City, Sun City West,
18 Youngtown, El Mirage and Surprise. Sun Health owns and operates two acute care
19 hospitals, a skilled nursing facility, an Alzheimer's facility, two hospice residences, a
20 home health agency, a residence for developmentally disabled adults, four physician
21 clinics, a research institute and a nursing school program.¹ Sun Health operates two
22 major hospital facilities - the Walter O. Boswell Memorial Hospital, a 343 licensed bed
23
24

25
26

¹ Sellner testimony, p. 2.

1 hospital and the Del E. Webb Memorial Hospital, a 269 licensed bed facility.² In addition
2 to the hospitals Sun Health provides a wide range of health services including home care
3 services, an Alzheimer's residence, a hospice facility, personal care services, community
4 education services and a senior center.³ As a non-profit organization, Sun Health
5 primarily supports itself through contributions and a wide network of volunteers.⁴

7 **SUMMARY OF SUN HEALTH'S POSITION**

8 Sun Health intervened in this matter to address the sole issue of Staff's rate design.
9
10 Staff is proposing a three-tiered inverted block structure with break over points at 4,000
11 gallons and 100,000 gallons. Staff is recommending this rate design as it believes it will
12 "encourage planners to design growth to efficiently use water, to promote a reduction in
13 the average use in the long term and to reduce the incremental cost of future growth
14 consistent with its increasing cost."

16 As set forth in its testimony, Sun Health supports the goal of conservation,
17 including the encouragement of conservation through pricing structures. But, Sun Health
18 is concerned that Staff's rate design will not promote water conservation and will unfairly
19 penalize commercial customers like Sun Health. It is Sun Health's understanding that the
20 Applicant has proposed a compromise rate design that would encourage conservation, but
21 Staff has been unable to complete its review and analysis of this proposal at this date.

23 Sun Health respectfully requests that as part of the Commission's Order for this rate case,

25 ² Sellner testimony, p. 3.

26 ³ Sellner testimony, p.3

1 it adopt a rate structure along the lines of the Applicant's proposal which would include
2 separate break over points for residential and commercial customers. A copy of the
3 Applicant's proposal is attached. Sun Health takes no position on the revenue
4 requirement aspects of this proposal, only on the rate structure. Sun Health also
5 emphasizes that it has not been able to fully analyze applicant's proposed structure, and
6 Sun Health reserves the right to supplement this response at such time as the analysis is
7 complete.
8

9

10 ARGUMENT

11 1. **Staff's Proposed Rate Design**

12 Staff through its witness, Dennis Rogers, states that the purpose of its rate design is
13 to recognize "the growing importance of managing water as a finite resource and its
14 increasing cost."⁵ Staff goes on to state that the recommended rate design will encourage
15 "planners to design growth to officially use water, to promote a reduction in average use
16 in the long term, and to reduce the incremental cost of future growth consistent with its
17 increase in cost."⁶ To accomplish these goals, Staff recommended a three-tiered inverted
18 block rate structure with break over points at 4,000 gallons and at 100,000 gallons of use
19 for each system across all meter sizes and all customer classes with the exclusion of
20 customer/irrigation and fire protection customers.⁷

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22
23
24 ⁴ Sellner testimony, p.5

25 ⁵ Roger's direct testimony, p.5

26 ⁶ Rogers direct testimony, p. 5.

⁷ Rogers direct testimony, p. 5.

1 2. **Staff proposal will not result in conservation.**

2 Staff's proposal will not encourage conservation because the break over points fail
3 to account for the difference in consumption between residential and commercial
4 customers. The Applicant's expert on rate design testified that it made no sense to have
5 the same break over points applicable to all meters and customer classes.⁸ An effective
6 rate conservation design would require Staff to look at bill counts for each customer class
7 and the water usage patterns to determine the appropriate break over points.⁹

8 Staff did not examine the bill counts or conduct any specific analysis to determine
9 the break over points. In response to questions how the break over points were
10 established, Staff witness Rodgers stated that "[I]t was discussed and thought that 4,000
11 seemed to be an appropriate level. It was just staff's professional judgment."¹⁰ Rodgers
12 went on to say that no scientific papers were consulted in establishing the break over
13 points.¹¹

14 Because the break over points are not based on usage they will not encourage
15 water conservation. For example the 100,000 gallon break over point is too high to affect
16 a residential customer's usage. This was illustrated by the Applicant's witness Kozoman
17 "[I]n other words, for residential customers in Sun City, 100,000 gallons of water, unless
18 they are raising rice in the back yard, there would be no need for 100,000 gallons of

24 ⁸ Koozoman redirect page 443, December 8, 2003.
25 ⁹ Kozman redirect page 443, December 8, 2003.
26 ¹⁰ Rodgers cross page 1067, December 11, 2003.
27 ¹¹ Rodger cross page 1071, December 11, 2003.

1 water.”¹² While the break over point is too high to encourage conservation among
2 residential customers, it is too low to encourage conservation among commercial
3 customers. Sun Health’s hospitals require millions of gallons of water each month. It is
4 not possible for Sun Health to reduce its consumption below the 100,000 gallon break
5 over point.

7 Staff’s proposed structure is unsupported by any study. It will not result in
8 conservation. Under Staff’s proposal Sun Health, a non profit corporation will end up
9 subsidizing customers and businesses that have lower water usage demands.
10

11 **2. Sun Health Recommends the Commission Adopt a Rate Structure Along the**
12 **Lines of the Applicant’s Proposal, with Separate Break over Points for**
13 **Commercial Customers.**

14 Sun Health recommends the Commission adopt a rate structure along the lines of
15 Applicant’s proposal which includes separate break over points for residential and
16 commercial customers and which encourages conservation.

17 Staff agreed that it is possible to design a rate structure with separate break over
18 points for different customer classes and meter sizes that would encourage conservation.¹³
19 One of the reasons Staff did not propose such a structure is because of a lack of time and
20 resources.¹⁴ If Sun City or Sun City West had come in by itself, Staff’s proposal would
21

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23
24 ¹² Kozoman redirect, page 444, December 8, 2003.
25
26 ¹³ Rodgers cross page 1120, December 11, 2003.
¹⁴ Id.

have taken into account meter size when establishing the break over points.¹⁵ Staff further testified that one of the reasons for establishing “the 4 and 100,000 gallon limits was to energize the company to come along and make a counter –analysis, counter proposal.”¹⁶

3. Conclusion

An effective conservation rate requires an analysis of customer usage by meter size and customer class. Staff failed to conduct such an analysis in this case because it lacked the time and resources. The Applicant and Staff agree that a rate design based on customer class and meter size can promote conservation. Sun Health recommends the Commission adopt a rate structure along the lines of the Applicant's proposal which will promote conservation in a fair and equitable manner.

RESPECTFULLY SUBMITTED this 4th day of February, 2004.

JENNINGS, STROUSS & SALMON, P.L.C.

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¹⁵ Rodgers cross page 1107, December 11, 2003.

16 Id.

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27 Phoenix, Arizona 85004-1104

28 By Michele Vlons

TO: **ALL PARTIES**

FROM: **ARIZONA-AMERICAN WATER COMPANY**

RE: **DOCKET NOS.** **WS-01303A-02-0867;**
WS-01303A-02-0868;
W-01303A-02-0869;
WS-01303A-02-0870;
W-01303A-02-0908

DATE: **JANUARY 23, 2003**

Attached is an explanation of Arizona-American Water Company's proposed conservation-oriented rate design and schedules for each water district illustrating how this rate design would work, based on the water company's rejoinder revenue requirement.

cc:

Steve Olea (via hand delivery)
Timothy Sabo (via hand delivery)
Darron Carlson (via hand delivery)
Daniel Pozefsky (via hand delivery)
Robert Taylor (via hand delivery)
Larry Udall (via hand delivery)
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ARIZONA-AMERICAN WATER COMPANY
Docket Nos. W-01303A-02-0867, et al.

Proposed Conservation-Oriented Rate Design

Arizona-American Water Company ("Arizona-American" or "the Company") has developed a conservation-oriented rate structure involving the use of inverted-block rates. This rate design, discussed below, is similar to the inverted-block rate structure proposed by Staff. However, in contrast to Staff's proposal, different rate structures are proposed for residential and commercial/industrial customers. Under this approach, rates can be better designed to encourage large-volume customers *within each class* to reduce their water usage. The break-over points and rate blocks within each class are set to reflect the usage characteristics of that class, as explained below.

In contrast, the inverted-block rate design proposed by Staff would apply to all customers regardless of the water district, customer type and meter size, and would have little impact on residential customers (the primary water user served by Arizona-American). Under Staff's proposal, a substantial portion of the revenue requirement would be shifted to customers on larger-sized meters without regard to their cost of service or conservation potential. This would be inequitable to those customers. Moreover, it would ignore the bulk of the Company's customers.

Attached are schedules prepared by the Company's rate design witness, Ronald L. Kozoman, illustrating the rate design that would be implemented for each water district (Agua Fria, Anthem, Sun City, Sun City West, Mohave, Havasu and Tubac). In order to develop these rates, the Company has used the revenue requirement for each water district based on the Company's rejoinder filing. Obviously, the specific monthly minimums and commodity rates shown in the schedules would change if different revenue requirements are authorized by the Commission. However, the Company believes the approach described below is reasonable and

will agree to its implementation in this case. The Company reserves the right to seek modifications to this rate design in a subsequent rate case.

A. Monthly Minimum Charges.

The monthly minimum charges for all customer classes are determined by meter size and are based on 65% of the monthly minimum charges computed in the cost of service studies prepared by Mr. Kozoman, which are attached to Mr. Kozoman's Rebuttal Testimony (Exhibit A-62). It is important to keep in mind that these monthly minimum charges are based on *Staff's* original cost rate base, accumulated depreciation and expense levels. For this reason, the monthly minimum charges in the attached schedules are arguably understated. Hopefully, this conservative approach will avoid any disagreements. Except as discussed below, no gallons of water are included in the monthly minimum charges, i.e., there is no "free" water.

For the Mohave and Havasu water districts, the monthly minimum charge for multi-family residential customers (e.g., apartment complexes and mobile home parks) is based on the computed monthly minimum charge for a 5/8-inch meter multiplied by the number of units in the complex. Similarly, in those water districts, monthly minimum charges for multi-unit commercial customers (e.g., strip shopping centers) are based on the monthly minimum charge for a 5/8-inch meter multiplied by the number of units in the complex. In addition, for all multi-family residential and multi-unit commercial customers, 1,000 gallons of water will continue to be included in the monthly minimum charge. The total gallons included in each customer's minimum monthly billing will be equal to 1,000 gallons multiplied by the number of units.

B. Inverted-Block Commodity Rates.

1. Development of Break-Over Points and Water Use Tiers.

All residential customers will have a three-tier inverted-block commodity rate. The break-over point between the three tiers will be set at approximately 33% and 67% of the

consolidation factor. The same break-over point will apply to all residential customers, regardless of meter size. This will address (among other things) the problem in the Anthem water district, where some residential customers are required to have 1-inch meters for interior fire sprinklers, regardless of their normal water use. Each water district will have its own set of break-over points based on that district's test year water use characteristics. The break-over points for each water district are shown on the attached schedules.

All non-residential general metered customers¹ will have a two-tier inverted-block commodity rate. In contrast to residential customers, the break-over points for these customers will vary based on meter size, again with each water district having its own set of break-over points based on its customers' water use characteristics. The break-over points are based on 60% of the relevant consolidation factor for each meter size. (If there are no customers being served by a particular sized meter, the Company has used the next size smaller meter size tier, divided by the gallons per minute flow and multiplied by the gallons per minute flow of the meter size tier being computed.) This results in a more equitable rate design, as opposed to treating commercial customers on 3/4-inch and 1-inch meters the same as commercial customers on 4-inch and 6-inch meters.

Multi-family residential customers in the Mohave and Havasu water systems have a three-tier inverted-block commodity rate. The break-over points for these customers is based on the consolidation factors for the residential customer class of each district, multiplied by the number of families served in an individually metered complex. Multi-unit commercial customers in the Mohave district have a two-tier inverted-block commodity rate. The break-over

¹ Multi-family residential (Mohave and Havasu districts) and multi-unit commercial customers (Mohave district) are excluded from non-residential general metered customers and are treated differently, as explained below.

point for these customers is based on the consolidation factor for the 5/8-inch commercial meter multiplied by the number of units served.

2. Development of Commodity Rates.

For residential customers, the commodity rate applicable to all gallons in the first (lowest) tier would be equal to 70% of the base rate.² The commodity rate applicable to usage in the second (middle) tier is equal to 120% of the base rate, while the commodity rate applicable to usage in the third (highest) tier is equal to 180% of the base rate. Specific commodity rates have been computed for each residential tier for each water district, based on the Company's rejoinder revenue requirement, as shown in the attached schedules.

For all non-residential general metered customers, the commodity rate applicable to all usage in the first (lower) tier is equal to 120% of the base rate. The commodity rate for usage in the second (upper) tier is equal to 180% of the base rate. Again, specific commodity rates have been computed for each tier for each water district, as shown in the attached schedules. However, as discussed above, while the commodity rates for the first and second tiers will be uniform for each district, the break-over points vary for non-residential general metered customers by meter size.³

For multi-family residential customers in the Mohave and Havasu systems, the commodity rates will be equal to 70% of the base rate in the first tier, 120% in the second tier, and 180% of the base rate in the third tier. For the multi-unit commercial customers in the

² The base rate is the commodity rate that produces the Company's rejoinder revenue requirement, using the computed residential and commercial tiers and percentage of the base rate.

³ For Sun City and Mohave only, the break-over points were computed for the customer class as a whole, rather than by meter size. The break-over point for the irrigation customer class in Sun City was also computed as a class rather than by meter size.

Mohave system, the commodity rates will be equal to 120% in the first tier, and 180% in the third tier.

C. Other Customer Classes.

Special classes of customers, such as customers purchasing water from the Company for resale and construction uses, will pay a monthly minimum charge based on the size of the meter from which the water is provided. Additionally, these customers will pay a commodity rate based on 180% of the base rate.

D. Other Rate Design Issues.

In order to simplify rate design issues and eliminate disputes, Arizona-American is not proposing a low-income or "lifeline" tariff in this case. It is not clear that a special, discounted rate for customers who meet an appropriate eligibility requirement is necessary in this case, particularly given that all water in the first commodity rate block for residential customers will be priced at only 70% of the base rate, i.e., below cost.

In addition, Arizona-American is not proposing any adjustment to revenues based on the impact of the inverted-block rate design on customer water usage, nor is the Company proposing the implementation of a balancing account or other mechanism that would allow recovery of the difference between the actual revenue collected under the inverted-block rate design and the amount that would have been collected under a uniform commodity rate design. As stated, Arizona-American reserves the right to request modifications to this rate design, as well as an adjustment to test-year revenues and/or the establishment of a balancing account, in a future rate proceeding.

1503384.1/73244.034

Arizona American - Agua Fria Water Division
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 1

Rejoinder Revenue Requirement										Percent Increase over Present Rates									
Computed Revenues, from Proposed Rates										2.00%									
Line No.	Present Monthly Minimums	Percent of Water Sales	Computed Monthly Minimums	(a)				(b)				(c)				(d)			
				Present	Monthly	Computed	Monthly	Proposed	Monthly	Tier One	Tier Two	Break-Point	Tier One	Tier Two	Break-Point	Paint	Tier One	Tier Two	Break-Point
1 Residential Rates:	\$ 10.00	45.88%	\$ 21.17	\$ 13.76	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567	3,329,615	3,485,141	155,527	4.67%				
2 5/8 Inch	\$ 15.00	0.51%	\$ 27.60	\$ 17.94	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567	37,804	38,346	542	1.43%				
3 3/4 Inch																			
4 1 Inch	\$ 25.00	5.59%	\$ 40.46	\$ 26.30	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567	409,459	413,689	4,210	1.03%				
5 1 1/2 Inch	\$ 53.00	1.41%	\$ 72.62	\$ 47.20	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567	83,967	90,294	6,328	7.54%				
6 2 Inch	\$ 80.00	5.97%	\$ 111.21	\$ 72.29	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567	372,404	406,191	(0)	9.07%				
7 3 Inch	\$ 155.00	0.00%	\$ 201.26	\$ 130.32	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567								
8 4 Inch	\$ 200.00		\$ 329.90	\$ 214.44	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567								
9 6 Inch	\$ 400.00		\$ 851.49	\$ 423.47	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567								
10 8 Inch	\$ 800.00		\$ 1,092.39	\$ 710.05	65.00%	0	4,000	\$ 10,000	10,000	\$ 1,711	\$ 2,567								
11																			
12 Computed Charge per 1,000 gallons of Water																			
13																			
14 Tier 1 Present Rate								\$ 1.78	\$ 2.24										
15 Tier 2 Present Rate																			
16																			
17 Present Monthly Minimums																			
18																			
19 Commercial Rates:																			
20																			
21 5/8 Inch	\$ 10.00	0.05%	\$ 21.17	\$ 13.76	65.00%	0	16,000	\$ 16,001	175,001	\$ 1,711	\$ 2,567	4,830	5,772	943	19.52%				
22 3/4 Inch	\$ 15.00	0.07%	\$ 27.60	\$ 17.94	65.00%	0	175,000	\$ 175,001	175,001	\$ 1,711	\$ 2,567	3,945	4,082	137	3.47%				
23 1 Inch	\$ 25.00	0.48%	\$ 40.46	\$ 26.30	65.00%	0	35,000	\$ 35,001	35,001	\$ 1,711	\$ 2,567	34,250	33,783	(467)	1.36%				
24 1 1/2 Inch	\$ 53.00	1.60%	\$ 72.62	\$ 47.20	65.00%	0	87,000	\$ 87,001	87,001	\$ 1,711	\$ 2,567	106,451	97,111	(9,340)	8.77%				
25 2 Inch	\$ 80.00	6.15%	\$ 111.21	\$ 72.29	65.00%	0	207,000	\$ 207,001	207,001	\$ 1,711	\$ 2,567	391,368	356,832	(34,536)	8.82%				
26 3 Inch	\$ 155.00	5.74%	\$ 201.26	\$ 130.82	65.00%	0	565,000	\$ 565,001	565,001	\$ 1,711	\$ 2,567	357,919	321,689	(36,230)	-10.12%				
27 4 Inch (1)	\$ 200.00		\$ 329.90	\$ 214.44	65.00%	0	882,813	\$ 882,814	882,814	\$ 1,711	\$ 2,567	163,506	150,995	(12,512)	-7.65%				
28 6 Inch	\$ 400.00	2.92%	\$ 651.49	\$ 423.47	65.00%	0	1,857,000	\$ 1,857,001	1,857,001	\$ 1,711	\$ 2,567								
29 8 Inch (1)	\$ 800.00		\$ 1,092.39	\$ 710.05	65.00%	0	2,971,200	\$ 2,971,202	2,971,202	\$ 1,711	\$ 2,567								
30																			
31 3 Inch Public Interruptible																\$ 1.00			
32 6 Inch Public Interruptible																\$ 1.00			
33 8 Inch Public Interruptible																\$ 1.00			
34 10 Inch Public Interruptible																\$ 1.00			
35																	\$ 2.142		
36 4 Inch Prison	\$ 200.00																		
37 Totals Water Sales																			
38 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.																			
39 (b) Percent of Computed Monthly Minimum																			
40 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.																			
41 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12.																			
42 (e) All construction Water, Sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.																			
43 (f) Tier computed for 4 Inch Commercial Meter multiplied by 500 gpm. For 8 inch meter, 8 Inch meter flow divided by 1,000 gpm multiplied by 1,000 gpm.																			
(g) Percent of "Computed Charge per 1,000 gallons" on Line 12.																			
(h) All construction Water, Sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.																			
(i) Tier computed for 4 Inch Commercial Meter multiplied by 500 gpm. For 8 inch meter, 8 Inch meter flow divided by 1,000 gpm multiplied by 1,000 gpm.																			

(1) Tier computed for 4 Inch Commercial Meter multiplied by 500 gpm. For 8 inch meter, 8 Inch meter flow divided by 1,000 gpm multiplied by 1,000 gpm.

(2) All construction Water, Sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(3) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(4) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(5) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(6) All construction Water, Sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(7) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(8) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(9) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(10) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(11) Tier computed for 4 Inch Commercial Meter multiplied by 500 gpm. For 8 inch meter, 8 Inch meter flow divided by 1,000 gpm multiplied by 1,000 gpm.

Arizona American - Aqua Fria Water Division
 Test Year Ended December 31, 2001
 Proposed Rates

Rate Schedule Summary
 Three Tier Rates
 Page 2

Line No.	Present Monthly Minimums	Proposed Monthly Minimums	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1 4 Inch Private Fire	30.00	30.30	3,960	4,000	40	1.00%
2 6 Inch Private Fire	45.00	45.45	12,420	12,544	124	1.00%
3 8 Inch Private Fire	60.00	60.60	5,040	5,090	50	1.00%
4 10 Inch Private Fire	120.00	121.20				
5 12 Inch Private Fire	180.00	181.80				
6			<u>339,961</u>	<u>339,961</u>		<u>0.00%</u>
7 Miscellaneous Revenues						
8			<u>6,183,467</u>	<u>6,306,959</u>	<u>123,492</u>	<u>2.00%</u>
9 Total Revenues						
10						
11						
12 Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)						
13						
14 Meter Size	<u>5/8" x 3/4"</u>	<u>3/4"</u>	<u>1"</u>	<u>1 1/2"</u>	<u>2"</u>	<u>3"</u>
15						
16 Rate of Return at Present Rates:						
17	9.03%	12.03%	17.68%	55.13%	48.11%	39.22%
18						
19						
20	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.					
21	(b) Percent of Computed Monthly Minimum					
22	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.					
23	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 2.					
24	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.					
25	(f) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.					
	(g) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.					
	(h) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.					
	(i) Tier computed for 4 inch Commercial Meter computed by dividing meter flow from 3 inch of 320 gpm multiplied by 1,000 gpm.					
	(j) Tier computed for 4 inch Commercial Meter computed by dividing meter flow from 3 inch of 320 gpm multiplied by 1,000 gpm.					

Arizona American - Agua Fria Water Division
 Analysis of Revenue by Detailed Class, at Average Usage
 Test Year Ended December 31, 2001

Rate Schedule Summary
 Three Tier Rates
 Bill Comparison

Line No.	Customer Classification and/or Meter Size	<u>(a)</u> Average Number of Customers	Revenues			Proposed Increase	
			at 12/31/01	Average Consumption	Present Rates	Proposed Rates	Dollar Amount
1	5/8 Inch Residential	11,197	7,002	\$ 22.46	\$ 22.89	0.42	1.89%
2	3/4 Inch Residential	87	10,027	33.78	32.27	(1.51)	-4.48%
3	1 Inch Residential	542	17,634	60.82	60.15	(0.67)	-1.09%
4	1.5 Inch Residential	23	102,940	279.90	300.03	20.13	7.19%
5	2 Inch Residential	58	175,037	468.40	510.20	41.80	8.92%
6	3 Inch Residential	0	15,667	186.41	159.62	(26.79)	-14.37%
7	4 Inch Residential	-	-	-	-	-	0.00%
8	6 Inch Residential	-	-	-	-	-	0.00%
9	5/8 Inch Commercial	20	4,561	18.12	21.56	3.45	19.02%
10	3/4 Inch Commercial	8	14,989	44.90	43.59	(1.31)	-2.92%
11	1 Inch Commercial	36	22,823	72.44	65.35	(7.09)	-9.79%
12	1.5 Inch Commercial	31	89,393	249.56	202.20	(47.36)	-18.98%
13	2 Inch Commercial	84	125,151	356.66	286.42	(70.23)	-19.69%
14	3 Inch Commercial	52	188,454	573.46	453.27	(120.19)	-20.96%
15	4 Inch Commercial	-	-	-	-	-	0.00%
16	6 Inch Commercial	3	1,816,455	4,465.18	3,531.42	(933.75)	-20.91%
17	8 Inch Commercial	-	-	-	-	-	0.00%
18	2 Inch Public Interruptible	0	-	-	-	-	0.00%
19	3 Inch Public Interruptible	0	1,612,667	1,612.67	1,612.67	-	0.00%
20	4 Inch Public Interruptible	-	-	-	-	-	0.00%
21	6 Inch Public Interruptible	3	8,319,765	8,319.76	8,319.76	-	0.00%
22	8 Inch Public Interruptible	3	1,995,250	1,995.25	1,995.25	-	0.00%
23	10 Inch Public Interruptible	1	755,400	755.40	755.40	-	0.00%
24	4 Inch Prison	1	10,170,500	20,744.41	21,985.21	1,240.80	5.98%
25	Construction	-	-	-	-	-	0.00%
26	4 Inch Private Fire	7	-	30.00	30.30	0.30	1.00%
27	6 Inch Private Fire	20	-	45.00	45.45	0.45	1.00%
28	8 Inch Private Fire	6	-	60.00	60.60	0.60	1.00%
29							
30							
31	Totals		<u>12,182</u>				
32							
33	Actual Year End Number						
34	of Customers:		<u>13,004</u>				
35							
36	(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.						

**Arizona American - Anthem Water
Test Year Ended December 31, 2001**

**Rate Schedule Summary
Three Tier Rates
Page 1**

**Rejoinder Revenue Requirement
Computed Revenues, from Proposed Rates**

Rejoinder Revenue Requirement							Percent Increase over Present Rates							-0.21%							
Computed Revenues, from Proposed Rates							Present							Proposed							
							(a)			(b)			(c)			(d)			(e)		
Line No.	Residential Monthly Minimums	Sales	Percent of Water	Computed Monthly Minimums	Proposed Monthly Minimums	Computed Monthly Minimums	Percent of Gallons Included	Tier One	Tier Two	Tier Three	Break-Point	Break-Point	Tier One	Tier Two	Tier Three	120% Tier Rate	180% Tier Rate	Present Revenue	Proposed Revenue	Dollar Increase	
1	\$ 16.00	\$ 0.25%	\$ 24.82	\$ 16.13	64.98%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688	3,606	2,788	(8.8)						
2	\$ 5/8 Inch	\$ 16.00	38.06%	\$ 37.23	24.20	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688	697,890	706,316	18,426					
3	\$ 3/4 Inch	\$ 16.00	28.57%	\$ 62.05	40.33	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688	748,944	758,361	9,417					
4	\$ 1 Inch	\$ 32.00	64.00	0.07%	124.10	80.67	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688	2,834	3,214	380				
5	\$ 1 1/2 Inch	\$ 80.00	6.56%	\$ 198.56	129.06	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688	61,222	59,613	(1,609)					
6	\$ 2 Inch	\$ 160.00	0.00%	\$ 397.13	258.13	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688								
7	\$ 3 Inch	\$ 200.00	0.00%	\$ 620.51	403.33	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688								
8	\$ 4 Inch	\$ 250.00	0.00%	\$ 1,241.02	806.66	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688								
9	\$ 6 Inch	\$ 250.00		\$ 1,985.63	1,290.66	65.00%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688								
10	\$ 8 Inch																				
11																					
12																					
13																					
14																					
15																					
16																					
17																					
18																					
19																					
20																					
21	\$ 5/8 Inch	\$ 16.00	0.08%	\$ 24.82	\$ 16.13	64.98%	0	22,000	22,001												
22	\$ 3/4 Inch	\$ 16.00	5.51%	\$ 37.23	24.20	65.00%	0	5,332,500	5,332,501												
23	\$ 1 Inch	\$ 32.00	2.17%	\$ 62.05	40.33	65.00%	0	235,000	235,001												
24	\$ 1 1/2 Inch	\$ 64.00	9.59%	\$ 124.10	80.67	65.00%	0	221,000	221,001												
25	\$ 2 Inch	\$ 80.00	5.64%	\$ 198.56	129.06	65.00%	0	4,892,500	4,892,501												
26	\$ 3 Inch	\$ 160.00		\$ 397.13	258.13	65.00%	0	7,644,531	7,644,532												
27	\$ 4 Inch (1)	\$ 200.00		\$ 620.51	403.33	65.00%	0	15,289,063	15,289,064												
28	\$ 6 Inch (1)	\$ 250.00		\$ 1,241.02	806.66	65.00%	0	24,462,500	24,462,501												
29	\$ 8 Inch (1)			\$ 1,985.63	1,290.66	65.00%	0														
30																					

31 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.
 32 (b) Cost of Service Study modified to include Payment in Lieu of Revenues from Del Webb, which was offset against all functions.

33 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

34 (d) Percent of Computed Monthly Minimum
 35 (e) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

36 (f) Percent of "Computed Charge per 1,000 gallons" on Line 12.
 37 (g) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.
 38 (1) 4, 6, & 8 Inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 500, 1000, & 1,600 gpm respectively.

Arizona American - Anthem Water
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 2

Line No.		Present Monthly Minimums	Proposed Monthly Minimums	Tier One Rate	Tier Two Rate	Present Revenue	Proposed Revenue	Dollar Increase
1	Wholesale, 2 Inch Meter	1.37%	Zero	\$ 2.160	\$ 2.160	57,190	57,190	-
2	Wholesale, 3 Inch Meter	0.01%	Zero	2.160	2.160	61	61	-
3	Wholesale, 6 Inch Meter	2.13%	Zero	2.160	2.160	20,135	20,135	-
4	Wholesale, 10 Inch Meter			2.160	2.160	226,872	226,872	-
5	Citizens Resource (Tresco)					(18,289)	(18,289)	-
6	Citizens Resources (Tresco) Revenue Annualization							
7	Total Water Sales	100.00%						
8								
9								
10	Private Fire Protection (Flat Rates)							
11	3 Inch	70.00	69.80			3,330	3,321	(9)
12	4 Inch	90.00	89.75			19,440	19,296	(144)
13	6 Inch	135.00	134.00					
14	8 Inch	180.00	178.59					
15	10 Inch	350.00	357.50					
16	Miscellaneous Revenues					1,950,387	1,950,387	-
17	Total Revenues					4,008,408	3,988,031	(8,377)
18	Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)							
19								
20	Meter Size →	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	3"	4"
21	Rate of Return at Present Rates:							
22		16.50%	7.16%	9.15%	38.58%	21.46%	32.29%	-3.64%
23								-4.84%
24								
25	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.							
26	Cost of Service Study modified to include Payment in Lieu of Revenues from Del Webb, which was offset against all functions.							
27	(b) Percent of Computed Monthly Minimum							
28	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.							
29	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.							
30	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.							
31	(f) 4, 6, & 8 inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 500, 1000, & 1,600 gpm respectively.							

Arizona American - Anthem Water
(Formerly Known as Citizens Water Services / Water)
Analysis of Revenue by Detailed Class at Average Usage
Test Year Ended December 31, 2001

Rate Schedule Summary

Three Tier Rates

Bill Comparison

32 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

**Arizona American - Havasu Water
Test Year Ended December 31, 2001**

**Rate Schedule Summary
Three Tier Rates
Page 1**

**Rejoinder Revenue Requirement
Computed Revenues, from Proposed Rates**

Proposed Rates

569,841

569,791

Percent Increase of Present Rates

29.06%

Line No.	Residential Minimums	Present Monthly Sales	Percent of Water	Computed Monthly Minimums	Proposed Monthly Minimums	Percent of Gallons Included	Computed Monthly Minimums	Present Break-Point	Proposed Break-Point	Tier One	Tier Two	Tier Three	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1	\$ 10.00	\$ 60.67%	\$ 22.03	\$ 14.32	65.01%	0	3,000	10,000	\$ 10,001	\$ 0.835	\$ 1,432	\$ 2,148	\$ 261,628	\$ 344,046	\$ 82,418	31.50%
2	5/8 Inch	\$ 17.10	1.39%	41.34	26.87	64.99%	0	3,000	10,000	10,001	0.835	1,432	2,148	-	-	
3	1 Inch	\$ 24.00	0.00%	73.53	47.80	65.00%	0	3,000	10,000	10,001	0.835	1,432	2,148	-	-	
4	1 1/2 Inch	\$ 33.60	0.61%	112.16	72.91	65.00%	0	3,000	10,000	10,001	0.835	1,432	2,148	0	-	
5	2 Inch	\$ 45.60	0.00%	202.30	131.49	65.00%	0	3,000	10,000	10,001	0.835	1,432	2,148	-	-	
6	3 Inch	\$ 57.60	1.42%	331.06	215.19	65.00%	0	3,000	10,000	10,001	0.835	1,432	2,148	-	-	
7	4 Inch	\$ 200.00	0.00%	652.97	424.43	65.00%	0	3,000	10,000	10,001	0.835	1,432	2,148	-	-	
8	6 Inch	\$ 400.00	0.00%	1,123.07	730.00	65.00%	0	3,000	10,000	10,001	0.835	1,432	2,148	-	-	
9	8 Inch	\$ 400.00														
10																
11																
12																
13																
14																
15																
16																
17																
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29																
30																
31																
32																
33																
34																
35																

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of Computed Monthly Minimum

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(e) All Construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) For Multi-family, consolidation factors are the residential consolidation factors at 33% & 67% multiplied by families served.

(g) 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 50 gpm, and Multiplied by 100 gpm, & 1,600 gpm, respectively.

Arizona American - Havasu Water
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 2

Line No.	Multi-Family Served	Units Served	(a)				(b)				(c) (f)				(d)			
			Percent of Water Sales	Computed Monthly Sales	Proposed Monthly Sales	Percent of Gallons Included	One Break- Point	Two Break- Point	Three Break- Point	Tier	70% Tier	120% Tier	70% Tier	120% Tier	Present Revenue	Proposed Revenue	Dollar Increase	Percent Change
1	(1) Multi-Family 44	1.17%	22,03	\$ 14.32	65.01%	44,000	132,000	440,000	440,001	\$ 0.835	\$ 1.432	\$ 2.148	\$ 2.148	\$ 2.148	8,980	1,776	24.66%	
2	(1) Multi-Family 56	0.86%	22,03	14.32	65.01%	56,000	168,000	580,000	580,001	0.835	1.432	2.148	2.148	2.148	9,289	1,548	20.00%	
3	(1) Multi-Family 64	1.53%	22,03	14.32	65.01%	64,000	192,000	640,000	640,001	0.835	1.432	2.148	2.148	2.148	11,558	1,494	14.84%	
4	(1) Multi-Family 65	1.18%	22,03	14.32	65.01%	65,000	185,000	650,000	650,001	0.835	1.432	2.148	2.148	2.148	11,157	1,751	18.62%	
5	(1) Multi-Family 67	2.23%	22,03	14.32	65.01%	67,000	201,000	670,000	670,001	0.835	1.432	2.148	2.148	2.148	11,990	1,559	13.09%	
6	(1) Multi-Family 89	1.87%	22,03	14.32	65.01%	89,000	267,000	890,000	890,001	0.835	1.432	2.148	2.148	2.148	15,174	1,736	12.92%	
7	(1) Multi-Family 102	0.98%	22,03	14.32	65.01%	102,000	306,000	1,020,000	1,020,001	0.835	1.432	2.148	2.148	2.148	16,158	3,308	25.74%	
8	(1) Multi-Family 129	1.25%	22,03	14.32	65.01%	129,000	387,000	1,290,000	1,290,001	0.835	1.432	2.148	2.148	2.148	20,386	4,212	26.04%	
9	(1) Multi-Family 153	1.41%	22,03	14.32	65.01%	153,000	459,000	1,530,000	1,530,000	0.835	1.432	2.148	2.148	2.148	18,998	24,075	5,077	
10	(1) Units Served times Monthly Minimum for 5/8 Inch Meter																	
11																		
12																		
13	Difference between Bill Count Revenues																	
14	and General Ledger Revenues																	
15	Miscellaneous Revenues																	
16	Total Revenues																	
17																		
18	Totals Water Sales			<u>100.00%</u>														
19																		
20	Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)																	
21																		
22	Meter Size →			5/8 x 3/4"				1"				1.12"						
23	Rate of Return at Present Rates:			1.67%				79.23%				70.19%						
24																		
25	(a) Computed Monthly Minimum																	
26	(b) Percent of Computed Monthly Minimum																	
27	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.																	
28	(d) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.																	
29	(e) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.																	
30	(f) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.																	
31	(g) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.																	
	(h) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.																	
	(i) For Multi-family, consolidation factors are the residential consolidation factors at 33% & 67% multiplied by families served.																	
	(j) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 50 gpm, and multiplied by 100 gpm, respectively.																	
	(k) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 100 gpm, multiplied by 1000 gpm, respectively.																	
	(l) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(m) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(n) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(o) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(p) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(q) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(r) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(s) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(t) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(u) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(v) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(w) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(x) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(y) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(z) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	
	(aa) For 1 1/2 Inch Meter Tiers computed as 1 inch tier divided by 1000 gpm, multiplied by 1000 gpm, respectively.																	

Arizona American - Havasu Water
Analysis of Revenue by Detailed Class at Average Usage
Test Year Ended December 31, 2001

Going from Summer & Winter Commodity Rate to Year Round Rate

**Rate Schedule Summary
Three Tier Rates
Bill Comparison**

		Average Number of Customers			Summer			Winter		
		Customer Classification	Average	Present	Proposed	Revenues	Present	Proposed	Revenues	Proposed Increase
	Line No.	and/or Meter Size	at 12/31/01	Consumption	Rates	Dollar Amount	Rates	Dollar Amount	Percent Increase	Percent Increase
1	1	5/8 Inch Residential	1,082	7,659	\$ 19.46	\$ 23.50	4.04	\$ 23.50	20.77%	25.49%
2	2	1 Inch Residential	0	569,250	824.02	1,240.67	416.65	50.56%	761.51	62.92%
3	3	1.5 Inch Residential	1	166,833	269.08	422.32	153.23	56.95%	250.84	422.32
4	4	2 Inch Residential	-	-	45.60	131.49	85.89	188.36%	45.60	131.49
5	5	3 Inch Residential	-	-	470.11	832.38	362.27	77.06%	438.16	832.38
6	6	4 Inch Residential	1	291,500	40.37	6.01	14.89%	38.01	46.37	8.36
7	7	6 Inch Residential	33	22,384	113.13	129.17	16.04	14.18%	105.69	129.17
8	8	5/8 Inch Commercial	5	68,625	141.23	198.48	57.26	40.54%	132.89	198.48
9	9	1 Inch Commercial	2	76,793	739.71	832.90	93.19	12.60%	685.94	832.90
10	10	2 Inch Commercial	4	489,810	330.00	537.75	207.74	62.95%	308.90	537.75
11	11	3 Inch Commercial	1	192,833	160,250	744.01	138.94	22.96%	592.29	744.01
12	12	4 Inch Commercial	1	117,917	647.92	774.10	126.18	19.47%	641.11	774.10
13	13	6 Inch Commercial	1	208,583	956.23	1,127.14	110.92	13.12%	829.40	956.23
14	14	Multi-Family 44	1	161,083	786.44	918.73	132.29	16.82%	775.87	918.73
15	15	Multi-Family 56	2	161,083	1,008.32	1,125.48	117.16	11.62%	982.11	1,125.48
16	16	Multi-Family 64	4	305,250	1,287.55	1,342.66	56.11	14.23%	1,087.77	1,287.55
17	17	Multi-Family 65	2	256,000	1,065.68	1,348.93	276.98	25.99%	1,062.14	1,342.66
18	18	Multi-Family 67	4	134,167	1,348.93	1,698.75	349.82	25.93%	1,344.37	1,698.75
19	19	Multi-Family 89	1	170,500	1,698.75	2,008.27	420.89	26.55%	1,581.09	2,008.27
20	20	Multi-Family 102	2	192,000	1,585.38	2,006.27	425.18	26.89%	1,581.09	2,006.27
21	21	Multi-Family 129	4	22	Mult/Family 153	4				

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Arizona / American Mohave Water
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 1

Rejoined Revenue Requirement
Computed Revenues, from Proposed Rates

3.21%

Percent Increase over Present Rates

Line No.	Residential	(a)				(b)				(c)				(d)				
		Present Monthly Minimums	Percent of Water Sales	Computed Monthly Minimums	Proposed Monthly Minimums	Percent of Computed Monthly Minimums	Present Monthly Minimums	Gallons Included In Minimums	Tier One Break-Point	Tier Two Break-Point	Tier Three Break-Point	Tier One Rate	Tier Two Rate	Tier Three Rate	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1	Residential	\$ 8.65	61.88%	\$ 16.38	\$ 10.65	65.02%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	2,698,132	2,770,379	72,247	2.68%	
2	5/8 Inch	\$ 8.65	0.87%	\$ 16.38	\$ 10.65	65.02%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	16,698	18,358	1,659	9.94%	
3	1 Inch	15.00	0.42%	\$ 29.34	\$ 19.07	65.00%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	-	-	-	-	
4	1 1/2 Inch	25.00	0.00%	\$ 50.93	\$ 33.10	64.99%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	-	-	-	-	
5	2 Inch	30.00	0.43%	\$ 76.84	\$ 49.95	65.01%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	13,257	13,705	449	3.38%	
6	Residential Multi-Family		33.00%				33.00%				33.00%				(Residential Consolidation Factors times number of families served.)			
7	9.98 5/8 Inch (1)	\$ 8.65	1.69%	\$ 16.38	\$ 10.65	65.02%	1,000	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	92,538	93,540	1,002	1.08%	
8	9.98 1 Inch (1)	\$ 8.65	0.87%	\$ 16.38	\$ 10.65	65.02%	1,000	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	44,945	44,926	(19)	-0.04%	
9	3.98 1 1/2 Inch (1)	\$ 8.65	0.18%	\$ 16.38	\$ 10.65	65.02%	1,000	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	15,946	17,760	1,813	11.37%	
10	4.98 2 Inch (1)	\$ 8.65	3.97%	\$ 16.38	\$ 10.65	65.02%	1,000	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	234,403	242,100	7,697	3.28%	
11	5.98 4 Inch (1)	\$ 8.65	0.30%	\$ 16.38	\$ 10.65	65.02%	1,000	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	17,645	18,818	1,172	6.64%	
12	6.98 6 Inch (1)	\$ 8.65	2.22%	\$ 16.38	\$ 10.65	65.02%	1,000	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	152,270	158,400	6,129	4.03%	
13	7.98 Bio Water Residential	7.75	2.18%	\$ 16.38	\$ 10.65	65.02%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	83,249	82,678	(571)	-0.69%	
14	8.98 5/8 Inch	7.75	0.00%	\$ 29.34	\$ 19.07	65.00%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	314	384	70	22.33%	
15	9.98 1 Inch	7.75	0.00%	\$ 76.84	\$ 49.95	65.01%	0	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	286	377	951	158.08%	
16	12 Commercial	\$ 8.65	3.57%	\$ 16.38	\$ 10.65	65.02%	0	31,000	31,001	31,001	\$ 1.163	\$ 1.744	\$ 1.744	127,514	136,382	8,867	6.95%	
17	13 5/8 Inch	15.00	2.66%	\$ 29.34	\$ 19.07	65.00%	0	37,000	37,001	37,001	\$ 1.163	\$ 1.744	\$ 1.744	93,752	98,409	4,657	4.97%	
18	14 1 Inch	25.00	0.94%	\$ 50.93	\$ 33.10	64.99%	0	12,000	112,001	112,001	\$ 1.163	\$ 1.744	\$ 1.744	28,828	29,557	729	2.53%	
19	15 1 1/2 Inch (1)	30.00	11.66%	\$ 76.84	\$ 49.95	65.01%	0	48,000	148,001	148,001	\$ 1.163	\$ 1.744	\$ 1.744	368,265	389,851	23,586	6.44%	
20	16 2 Inch	60.00	1.61%	\$ 137.31	\$ 89.25	65.00%	0	487,000	487,001	487,001	\$ 1.163	\$ 1.744	\$ 1.744	54,701	57,555	2,853	5.22%	
21	17 3 Inch	8.65	0.23%	\$ 76.84	\$ 10.65	65.02%	0	31,000	31,001	31,001	\$ 1.163	\$ 1.744	\$ 1.744	-	-	-	-	
22	18 4 Inch (2)	8.65	0.23%	\$ 76.84	\$ 10.65	65.02%	0	31,000	31,001	31,001	\$ 1.163	\$ 1.744	\$ 1.744	20,393	20,396	4	0.02%	
23	19 6 Inch (2)	8.65	0.34%	\$ 16.38	\$ 10.65	65.02%	1,000	31,000	31,001	31,001	\$ 1.163	\$ 1.744	\$ 1.744	3,056	3,419	363	11.86%	
24	20 8 Inch (2)	8.65	0.04%	\$ 28.34	\$ 10.65	65.02%	1,000	31,000	31,001	31,001	\$ 1.163	\$ 1.744	\$ 1.744	2,619	2,344	(275)	-10.49%	
25	21 10 Inch (2)	8.65	0.09%	\$ 50.93	\$ 10.65	65.02%	1,000	31,000	31,001	31,001	\$ 1.163	\$ 1.744	\$ 1.744	6,541	6,018	(523)	-7.99%	
26	22 Commercial Multi-Jnt	\$ 8.65	0.23%	\$ 76.84	\$ 10.65	65.02%	1,000	31,000	31,001	31,001	\$ 1.163	\$ 1.744	\$ 1.744	-	-	-	-	
27	28 Computed Charge Per 1,000 Gallons of Water	\$ 0.985900				70.00%				(Consolidation Factor from 5/8 Inch Commercial Meter, Times Number of Units Served)				20,393				
28	29 Present Charge Per 1,000 Gallons of Water	\$ 1.48				3.21%				Mohave System				4				
29	30 Present Charge Per 1,000 Gallons of Water	\$ 1.75				3.21%				Rio System				3,419				
30	31 Present Charge Per 1,000 Gallons of Water	\$ 1.75				3.21%				Mohave System				363				
31	32 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.																	
32	33 (b) Percent of Computed Monthly Minimums.																	
33	34 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.																	
34	35 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12.																	
35	36 (e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.																	
36	37 (1) Monthly Minimum for 5/8 Inch Meter multiplied by 160 gpm multiplied by 500, 1,000, 1,600 & 2,300 gpm, respectively.																	
37	38 (2) Tiers for 4, 6, 8 & 10 Commercial Inch meters computed at tier from 2 Inch Commercial meter divided by 160 gpm multiplied by 500, 1,000, 1,600 & 2,300 gpm, respectively.																	

Arizona / American - Mohave Water
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 2

Line No.	Public Authority	Present Monthly Minimums	Percent of Water Sales	Computed Monthly Minimums	Proposed Monthly Minimums	Percent of Computed Monthly Minimums	Gallons Included in Break-Point	Tier One Break-Point	Tier Two Break-Point	(b) 120% Tier One Rate	(b) 180% Tier One Rate	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1	Private Elks	\$ 8.65	0.07%	\$ 16.38	\$ 10.65	65.02%	0	467,000	467,001	\$ 1,163	\$ 1,744	4,450	4,857	407	9.14%
2	5/8 Inch	15.00	0.15%	29.34	19.07	65.00%	0	467,000	467,001	1,163	1,744	5,153	4,856	(298)	-5.78%
3	1 Inch	25.00	0.10%	50.93	33.10	64.99%	0	467,000	467,001	1,163	1,744	3,877	3,924	47	1.20%
4	1 1/2 Inch	30.00	1.89%	76.84	49.95	65.01%	0	467,000	467,001	1,163	1,744	60,154	61,402	1,249	2.08%
5	2 Inch	60.00	0.57%	137.31	89.25	65.00%	0	467,000	467,001	1,163	1,744	15,446	15,844	398	2.57%
6	3 Inch	90.00	0.73%	223.69	145.40	65.00%	0	467,000	467,001	1,163	1,744	19,694	20,889	1,195	6.07%
7	4 Inch	200.00	1.20%	439.63	285.76	65.00%	0	467,000	467,001	1,163	1,744	33,295	36,600	3,305	9.83%
8	6 Inch														
9	Total Water Sold		100.00%												
10															
11															
12	Private Elks														
13	2 Inch or smaller														
14	4 Inch														
15	6 Inch														
16	8 Inch														
17	10 Inch														
18	12 Inch														
19	14 Inch														
20	20 Inch														
21	Per Sprinkler Head														
22	Per each Private Fire Hydrant														
23	Difference between														
24	Bill Count Revenue and														
25	General Ledger Revenue														
26	Miscellaneous Revenues														
27	Total Revenues														
28															
29	Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)														
30	Meter Size -->	5/8" x 3/4"													
31	Rate of Return at Present Rates:	13.55%	0.00%	23.24%	1"	1 1/2"	2"	4"	8"	10"					
32															
33															
34	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.														
35	(b) Percent of Computed Monthly Minimums.														
36	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.														
37	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.														
38	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.														
39	(1) Monthly Minimum for 5/8 inch Meter multiplied by 500 gpm multiplied by 160 gpm divided by 500, 1,000, 1,600 & 2,300 gpm, respectively.														
40	(2) Tiers for 4, 6, 8 & 10 Commercial Inch meters computed as tier from 2 inch Commercial meter divided by 160 gpm multiplied by 500 gpm, respectively.														

29 Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)

30	Meter Size -->	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	4"	8"	10"						
31	Rate of Return at Present Rates:	13.55%	0.00%	23.24%	29.19%	14.99%	31.64%	-2.80%	-5.78%	-5.57%	-5.45%				
32															
33															
34	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.														
35	(b) Percent of Computed Monthly Minimums.														
36	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.														
37	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.														
38	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.														
39	(1) Monthly Minimum for 5/8 inch Meter multiplied by 500 gpm multiplied by 160 gpm divided by 500, 1,000, 1,600 & 2,300 gpm, respectively.														
40	(2) Tiers for 4, 6, 8 & 10 Commercial Inch meters computed as tier from 2 inch Commercial meter divided by 160 gpm multiplied by 500 gpm, respectively.														

(b) Percent of Computed Monthly Minimums.

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(1) Monthly Minimum for 5/8 inch Meter multiplied by 500 gpm multiplied by 160 gpm divided by 500, 1,000, 1,600 & 2,300 gpm, respectively.

(2) Tiers for 4, 6, 8 & 10 Commercial Inch meters computed as tier from 2 inch Commercial meter divided by 160 gpm multiplied by 500 gpm, respectively.

Arizona / American Mohave Water
Analysis of Revenue by Detailed Class at Average Usage
Test Year Ended December 31, 2001

Rate Schedule Summary
Three Tier Rates
Bill Comparison

(a)		Average Number of Customers	Number of Units at	Average Consumption	Weighted Average Consumption	Revenues Per Customer	Proposed Present Rates	Proposed Present Rates	Revenues Per Unit	Proposed Present Rates	Dollar Amount	Percent Increase	Proposed Increase
Line No.	Customer Classification and/or Meter Size	12/31/01	12/31/01	Per Customer	Per Unit	Present Rates	Present Rates	Present Rates	Per Unit	Present Rates	Amount	Percent	Amount
1 Residential 5/8 Inch	11,833	11,833	7,500	7,500	18.27	17.43	18.27	17.43	13.21	(0.84)	-4.58%	4.23	4.78%
2 Residential 1 Inch	29	29	21,141	21,141	88.42	92.65	88.42	92.65	14.05	(1.47)	-1.49%	11.33	11.80%
3 Residential 1.5 Inch									11.33			12.46	3.08
4 Residential 2 Inch									12.46			13.68	1.63%
5 Residential Multi-Family 5/8 Inch	178	578	13,801	4,241	43.76	43.01	43.76	43.01	10.13	10.13		11.33	1.63%
6 Residential Multi-Family 1 Inch	38	262	33,046	4,787	98.49	97.02	98.49	97.02	14.27	14.27		14.05	2.67%
7 Residential Multi-Family 1.5 Inch	4	133	71,750	1,983	366.89	409.94	366.89	409.94	10.13	10.13		11.33	1.72%
8 Residential Multi-Family 2 Inch	108	1,841	53,220	3,496	189.71	192.80	189.71	192.80	12.46	12.46		12.46	2.67%
9 Residential Multi-Family 4 Inch	2	107	218,583	4,048	731.83	751.37	731.83	751.37	14.04	14.04		14.04	3.45%
10 Residential Multi-Family 6 Inch	1	757	1,820,928	4,175	7,003.36	7,250.19	7,003.36	7,250.19	12.05	12.05		12.05	3.45%
11 Residential Multi-Family 8 Inch													
12 Rio Water Residential 5/8 Inch	264	264	11,942	11,942	25.15	22.60	25.15	22.60	22.60	22.60		(2.55)	-10.14%
13 Rio Water Residential 1 Inch	0	0	12,501	12,501	28.13	31.98	28.13	31.98	26.13	26.13		5.83	22.33%
14 Rio Water Residential 2 Inch	0	0	11,000	11,000	23.50	30.80	23.50	30.80	23.50	23.50		60.80	37.30
15 Rio Water Residential 3 Inch													
16 Commercial 5/8 Inch	378	378	13,891	13,891	27.43	26.57	27.43	26.57	26.57	26.57		(0.86)	-3.14%
17 Commercial 1 Inch	135	135	28,529	28,529	55.74	52.26	55.74	52.26	52.26	52.26		(3.49)	-8.27%
18 Commercial 1.5 Inch	16	16	85,344	85,344	149.83	146.41	149.83	146.41	146.41	146.41		(3.42)	-2.28%
19 Commercial 2 Inch	163	163	103,576	103,576	181.81	170.41	181.81	170.41	170.41	170.41		(11.40)	-8.27%
20 Commercial 3 Inch	15	15	153,110	153,110	285.12	287.32	285.12	287.32	287.32	287.32		(17.81)	-8.24%
21 Commercial Multi-Unit 5/8 Inch													
22 Commercial Multi-Unit 5/8 Inch	20	86	25,526	5,822	69.33	71.37	69.33	71.37	15.81	15.81		16.28	2.95%
23 Commercial Multi-Unit 1 Inch	5	22	12,339	2,800	49.86	56.16	49.86	56.16	11.31	11.31		12.74	12.63%
24 Commercial Multi-Unit 1.5 Inch	1	5	12,250	24,650	218.26	190.77	218.26	190.77	43.65	43.65		38.15	-12.59%
25 Commercial Multi-Unit 2 Inch	3	37	126,761	9,283	263.01	263.01	263.01	263.01	21.41	21.41		20.68	-3.42%
26 Public Authority 5/8 Inch													
27 Public Authority 5/8 Inch	27	27	3,731	3,731	12.69	14.98	12.69	14.98	12.69	12.69		14.98	2.30
28 Public Authority 1 Inch	8	8	27,158	27,158	53.71	50.85	53.71	50.85	53.71	53.71		50.85	(3.06)
29 Public Authority 1.5 Inch	5	5	27,767	27,767	64.61	65.39	64.61	65.39	64.61	64.61		66.39	1.20%
30 Public Authority 2 Inch	37	37	74,826	74,826	139.26	138.97	139.26	138.97	138.97	138.97		(2.29)	-1.64%
31 Public Authority 3 Inch	1	1	830,167	830,167	1,287.17	1,285.73	1,287.17	1,285.73	1,287.17	1,287.17		(21.43)	-1.67%
32 Public Authority 4 Inch	1	1	1,050,083	1,050,083	1,642.64	1,705.42	1,642.64	1,705.42	1,642.64	1,642.64		1,705.42	62.77
33 Public Authority 6 Inch	1	1	1,740,583	1,740,583	2,774.58	3,050.01	2,774.58	3,050.01	2,774.58	2,774.58		3,050.01	275.43
34 Public Authority 8 Inch													
35 Private Fire 2 Inch	7	7	-	-	-	3.00	3.10	3.00	3.10	3.00		0.10	3.33%
36 Private Fire 4 Inch	63	63	-	-	-	6.00	6.20	6.00	6.20	6.00		0.20	3.33%
37 Private Fire 6 Inch	14	14	-	-	-	9.00	9.30	9.00	9.30	9.00		0.30	3.33%
38 Private Fire 8 Inch	4	4	-	-	-	12.00	12.40	12.00	12.40	12.00		0.40	3.33%
39 Private Fire 10 Inch	1	1	-	-	-	15.00	15.50	15.00	15.50	15.00		0.50	3.33%
40 Private Fire Hydrant	168	168	-	-	-	7.84	7.96	7.84	7.96	7.84		0.25	3.27%
41 Private Fire Hydrant													
42 Subtotal		<u>13,628</u>	<u>16,898</u>										
43 Actual Year End Number of Customers:		<u>13,795</u>	<u>17,316</u>										
44													
45													
46													
47													
48													

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Arizona American - Sun City
Test Year Ended December 31, 2001

Rate Schedule Summary
Three Tier Rates
Page 1

Rejoined Revenue Requirement Computed Revenues, from Proposed Rates		10,688,506 10,685,755		Percent Increase over Present Rates				72.60%						
Line No.	Present Monthly Minimums	Percent of Water Sales	Computed Monthly Minimums	Proposed Monthly Minimums	Gallons Included In Monthly Minimums	Percent of Computed Monthly Minimums	Tier One Break- Point	(c) 33.00% Tier Two Break- Point	(d) 70% Tier Three Break- Point	(d) 70% Tier Two Break- Point	(d) 70% Tier Three Break- Point	Dollar Change	Percent Change	
1 Residential Rates:														
2 5/8 inch \$ 5.00	41.73%	\$ 17.21	\$ 11.19	0	65.02%	6,000	27,000	27,001	\$ 0.778	\$ 1.334	2,673,198	4,563,520	70.71%	
3 3/4 inch 5.00	0.03%	21.64	14.07	0	65.02%	6,000	27,000	27,001	0.778	1.334	1,817	3,462	90.53%	
4 1 inch 13.00	1.18%	30.49	19.82	0	65.00%	6,000	27,000	27,001	0.778	1.334	66,902	114,892	71.73%	
5 1 1/2 inch 28.00	25.13%	52.63	34.21	0	65.00%	6,000	27,000	27,001	0.778	1.334	1,486,167	2,543,351	71.13%	
6 2 inch 41.00	10.14%	79.20	51.48	0	65.00%	6,000	27,000	27,001	0.778	1.334	638,283	1,106,719	73.39%	
7 3 inch 70.00	0.25%	141.19	91.77	0	65.00%	6,000	27,000	27,001	0.778	1.334	13,103	25,683	96.01%	
8 4 inch 103.00	0.00%	229.74	149.33	0	65.00%	6,000	27,000	27,001	0.778	1.334	-	-	-	
9 6 inch 141.00	0.07%	451.14	293.24	0	65.00%	6,000	27,000	27,001	0.778	1.334	6,383	13,244	6.860	
10 8 inch			774.15	503.20	0	65.00%	6,000	27,000	27,001	0.778	1.334	-	-	107.47%
11														
12 Computed Charge per 1,000 gallons of Water														
13														
14 Tier 1 Present Rate				\$ 0.73										
15 Tier 2 Present Rate				\$ 0.92										
16														
17														
18														
19														
20 Commercial Rates:														
21 5/8 inch \$ 5.00	0.36%	\$ 17.21	\$ 11.19	0	65.02%	19,000	19,001	19,001	\$ 0.778	\$ 1.334	26,361	54,017	104.91%	
22 3/4 inch 5.00	0.05%	21.64	14.07	0	65.02%	30,000	30,001	30,001	0.778	1.334	3,156	7,034	122.84%	
23 1 inch 13.00	0.73%	30.49	19.82	0	65.00%	69,000	69,001	69,001	0.778	1.334	48,540	79,006	62.76%	
24 1 1/2 inch 28.00	2.18%	52.63	34.21	0	65.00%	69,000	69,001	69,001	0.778	1.334	151,756	236,327	55.73%	
25 2 inch 41.00	4.84%	79.20	51.48	0	65.00%	137,000	137,001	137,001	0.778	1.334	285,530	462,127	176.59%	
26 3 inch 70.00	1.23%	141.19	91.77	0	65.00%	226,000	226,001	226,001	0.778	1.334	68,419	112,406	64.29%	
27 4 inch 103.00	1.55%	229.74	149.33	0	65.00%	933,000	933,001	933,001	0.778	1.334	71,802	123,108	51.306	
28 6 inch 141.00	4.52%	451.14	293.24	0	65.00%	2,296,500	2,296,501	2,296,501	0.778	1.334	203,846	358,126	75.68%	
29 8 inch (1)			774.15	-	0	0.00%	3,674,400	3,674,401	-	-	-	-	-	-
30														
31 Irrigation Rates:														
32 1 inch \$ 13.00	0.00%	\$ 30.49	\$ 19.82	0	5,286,000	5,286,001	5,286,001	5,286,001	\$ 0.778	\$ 1.334	339	518	52.66%	
33 1.5 inch 28.00	1.95%	52.63	34.21	0	5,286,000	5,286,001	5,286,001	5,286,001	0.778	1.334	98,005	168,488	71.92%	
34 2 inch 41.00	0.19%	79.20	51.48	0	5,286,000	5,286,001	5,286,001	5,286,001	0.778	1.334	5,563	11,024	5.462	
35 3 inch 70.00	0.01%	141.19	91.77	0	5,286,000	5,286,001	5,286,001	5,286,001	0.778	1.334	1,045	1,522	477	
36 6 inch 141.00	3.73%	451.14	293.24	0	5,286,000	5,286,001	5,286,001	5,286,001	0.778	1.334	197,300	334,579	337,279	
37 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.														
38 (b) Percent of computed monthly minimum														
39 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.														
40 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12.														
41 (e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.														
42 (f) Tier for 8 inch Commercial Meter computed as tier from 6 inch Meter divided by 1,000 gpm, multiplied by 1,600 gpm.														

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of computed monthly minimum

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) Tier for 8 inch Commercial Meter computed as tier from 6 inch Meter divided by 1,000 gpm, multiplied by 1,600 gpm.

Arizona American - Sun City
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 2

Line No.	Proposed Monthly Minimums	Tier One Break- Point	Tier Two Break- Point	Tier Three Break- Point	20% Tier One Rate	20% Tier Two Rate	Present Revenue	Proposed Revenue	Dollar Change	Percent Change
1	Public Interruptible									
2	3 Inch Zero	0.14%	zero	1,048,000	1,048,001	\$ 0.778	\$ 1,334	0	51	32 166.80%
3	8 Inch Zero	0.00%	zero	1,048,000	1,048,001	0.778	1,334	19		
4	Fire Protection									
5	3 Inch \$ 6.00	\$ 10.80								
6	4 Inch 9.00	16.20								
7	6 Inch 12.50	22.50								
8	8 Inch 20.00	36.00								
9	10 Inch 30.00	54.00								
10	Standby 3.50	6.30								
11	Miscellaneous Revenues									
12										
13										
14	Total Revenues									
15	Totals Water Sales	<u>100.00%</u>								
16										
17										
18	Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)									
19										
20	Meter Size →	5/8" x 3/4"	3 1/4"	1"	1 1/2"	2"	3"	4"	6"	8"
21	Rate of Return at Present Rates:	-3.92%	-2.95%	5.85%	11.21%	8.43%	9.97%	-2.65%	3.42%	-6.75%
22										
23	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.									
24	(b) Percent of computed monthly minimum									
25	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.									
26	(d) Percent of "Computed Change per 1,000 gallons" on Line 12, Page 1.									
27	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.									
28	(1) Tier for 8 Inch Commercial Meter computed as tier from 6 Inch Meter divided by 1,000 gpm, multiplied by 1,600 gpm.									

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of computed monthly minimum

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Change per 1,000 gallons" on Line 12, Page 1.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(1) Tier for 8 Inch Commercial Meter computed as tier from 6 Inch Meter divided by 1,000 gpm, multiplied by 1,600 gpm.

Arizona American - Sun City
 Test Year Ended December 31, 2001
 Analysis of Revenue by Detailed Class at Average Usage

Rate Schedule Summary
 Three Tier Rates
 Bill Comparison

Line No.	Customer Classification and/or Meter Size	<u>Average Number of Customers</u>	<u>Revenues</u>				<u>Proposed Increase</u>	
			at <u>12/31/01</u>	Average <u>Consumption</u>	Present <u>Rates</u>	Proposed <u>Rates</u>	Dollar <u>Amount</u>	Percent <u>Amount</u>
1	5/8 Inch Residential	19,214	8,361	\$ 11.17	\$ 19.01	7.84	70.13%	
2	3/4 Inch Residential	8	15,869	18.08	31.90	13.82	76.46%	
3	1 Inch Residential	117	38,788	47.17	76.10	28.94	61.35%	
4	1.5 Inch Residential	1,312	73,721	94.30	160.43	66.12	70.12%	
5	2 Inch Residential	425	91,864	123.99	214.02	90.02	72.60%	
6	3 Inch Residential	3	321,194	363.98	713.43	349.45	96.01%	
7	4 Inch Residential	-	-	-	-	-	0.00%	
8	6 Inch Residential	2	137,292	\$ 265.79	\$ 546.73	280.94	105.70%	
9	5/8 Inch Commercial	198	7,054	10.15	20.60	10.45	102.97%	
10	3/4 Inch Commercial	21	-	-	-	-	0.00%	
11	1 Inch Commercial	126	22,247	31.95	49.50	17.55	54.94%	
12	1.5 Inch Commercial	181	46,341	69.11	96.03	26.92	38.94%	
13	2 Inch Commercial	155	120,339	150.19	212.01	61.82	41.16%	
14	3 Inch Commercial	23	204,111	256.26	364.05	107.79	42.06%	
15	4 Inch Commercial	5	1,190,450	1,196.69	1,869.29	672.59	56.20%	
16	6 Inch Commercial	7	2,486,155	2,426.74	3,736.46	1,309.72	53.97%	
17	1 Inch Irrigation	2	77	13.05	19.92	6.87	52.66%	
18	1.5 Inch Irrigation	117	64,318	13.05	19.92	6.87	52.66%	
19	2 Inch Irrigation	1	613,500	13.05	19.92	6.87	52.66%	
20	3 Inch Irrigation	1	27,462	13.05	19.92	6.87	52.66%	
21	4 Inch Irrigation	-	-	-	-	-	0.00%	
22	6 Inch Irrigation	1	10,762,250	7,136.46	18,308.22	#####	156.54%	
23	3 Inch Public Interruptible	1	491,154	245.58	655.20	409.62	166.80%	
24	8 Inch Public Interruptible	1	3,167	1.58	4.22	2.64	166.80%	
25	3 Inch Fire Protection	1	-	6.00	10.80	4.80	80.00%	
26	4 Inch Fire Protection	54	-	9.00	16.20	7.20	80.00%	
27	6 Inch Fire Protection	48	-	12.50	22.50	10.00	80.00%	
28	8 Inch Fire Protection	10	-	20.00	36.00	16.00	80.00%	
29	10 Inch Fire Protection	-	-	-	-	-	0.00%	
30	Standby	<u>63</u>	-	3.50	6.30	2.80	80.00%	
31								
32	Totals	<u>22,098</u>						
33								
34	Actual Year End Number							
35	of Customers:	<u>22,195</u>						
36								

37 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

38

39

Arizona American - Sun City West Water
 Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
 Page 1

Rejoinder Revenue Requirement \$ 4,540,361
Computed Revenues, from Proposed Rates \$ 4,540,058

Percent Increase over Present Rates							24.90%						
Line No.	Residential Rates:	(a)			(b)			(c)		(d)			
		Present Monthly Sales	Percent of Water	Compute Monthly Minimums	Proposed Monthly Minimums	Percent of Computed Monthly Minimums	Gallons Included in Break-Point	Tier One Minimum	Tier Two Break-Point	Tier Three Break-Point	Tier Four Break-Point	Dollar Increase	Percent Increase
1	Residential Rates:	\$ 5.00	60.97%	\$ 13.03	\$ 8.47	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
2	5/8 Inch	\$ 5.00	60.97%	\$ 13.03	\$ 8.47	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
3	3/4 Inch	\$ 5.00	60.97%	\$ 17.02	\$ 11.06	64.98%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
4	1 Inch	\$ 13.00	1.04%	\$ 25.00	\$ 16.25	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
5	1 1/2 Inch	\$ 28.00	15.98%	\$ 44.95	\$ 29.22	65.01%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
6	2 Inch	\$ 41.00	4.35%	\$ 68.89	\$ 44.78	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
7	3 Inch	\$ 70.00	0.00%	\$ 124.74	\$ 81.08	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
8	4 Inch	\$ 103.00	5.07%	\$ 204.54	\$ 132.95	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
9	6 Inch	\$ 141.00	404.03	\$ 404.03	\$ 262.62	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
10	8 Inch	\$ 698.25	698.25	\$ 452.56	\$ 452.56	65.00%	0	4,000	12,000	12,001	\$ 1,242	\$ 1,863	33.50%
11													
12	Computed Charge per 1,000 gallons of Water												
13													
14	Tier 1 Present Rate		\$ 0.93										
15	Tier 2 Present Rate		\$ 1.12										
16													
17													
18	Commercial Rates:												
19	5/8 Inch	\$ 5.00	0.25%	\$ 13.03	\$ 8.47	65.00%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
20	3/4 Inch	\$ 5.00	0.00%	\$ 17.02	\$ 11.06	64.98%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
21	1 Inch	\$ 13.00	1.08%	\$ 25.00	\$ 16.25	65.00%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
22	1 1/2 Inch	\$ 28.00	2.28%	\$ 44.95	\$ 29.22	65.01%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
23	2 Inch	\$ 41.00	6.71%	\$ 68.89	\$ 44.78	65.00%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
24	3 Inch	\$ 70.00	1.68%	\$ 124.74	\$ 81.08	65.00%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
25	4 Inch	\$ 103.00	0.45%	\$ 204.54	\$ 132.95	65.00%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
26	6 Inch	\$ 141.00	0.14%	\$ 404.03	\$ 262.62	65.00%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
27	8 Inch	\$ 698.25	698.25	\$ 452.56	\$ 452.56	65.00%	0	13,000	13,001	13,001	\$ 1,242	\$ 1,863	33.50%
28	Total Water Sales												
29													
30													
31													
32	(a) Computed Monthly Minimums												
33	(b) Percent of Computed Monthly Minimum												
34	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.												
35	(d) Percent of 'Computed Charge per 1,000 gallons' on Line 12.												
36	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.												
37	(1) 8 Inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 1,600 gpm												

31 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

32 (b) Percent of Computed Monthly Minimum

33 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

34 (d) Percent of 'Computed Charge per 1,000 gallons' on Line 12.

35 (e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

36 (1) 8 Inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 1,600 gpm

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 2

Line No.	Present Monthly Minimums	Proposed Monthly Minimums	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1						
2	General Fire Sprinkler					
3	4 Inch	30.00	40.50	4,680	6,318	1,638 35.00%
4	6 Inch	45.00	60.75	11,880	16,038	4,158 35.00%
5	8 Inch	60.00	81.00	5,040	6,804	1,764 35.00%
6	10 Inch	120.00	162.00			
7	Miscellaneous Revenues					
8	Total Revenues					
9						
10						
11	Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)					
12						
13	Meter Size -->	5 ¹ / ₂ -3 ¹ / ₂	3 ¹ / ₂	1"	1 ¹ / ₂ "	2" 3" 4" 5" 8"
14	Rate of Return at Present Rates	1.95%	14.26%	10.77%	27.10%	17.98% 29.79% 55.38% -9.10% -11.85%
15						
16	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.					
17	(b) Percent of Computed Monthly Minimum					
18	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.					
19	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.					
20	(e) All construction water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.					
21	(1) 8 Inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 1,600 gpm.					

- (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.
- (b) Percent of Computed Monthly Minimum
- (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.
- (d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.
- (e) All construction water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.
- (1) 8 Inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 1,600 gpm.

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Analysis of Revenue by Detailed Class at Average Usage

Rate Schedule Summary

Three Tier Rates

Bill Comparison

26 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

**Arizona American - Tubac
Test Year Ended December 31, 2001
Proposed Rates**

Rate Schedule Summary
Three Tier Rates
Page 1

Arizona American - Tubac
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 2

Line No.	Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)
1	
2	
3	
4	Meter Size -->
5	Rate of Return at Present Rates:
6	
7	
8	
9	
10	
11	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.
12	(b) Percent of Computed Monthly Minimums.
13	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.
14	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.
15	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.
16	(f) Tiers for 4, 6 & 8 Commercial Inch meters computed as tier from 2 inch Commercial Inch meter divided by 500, 1,000 & 1,600 gpm, respectively..

5/8" x 3/4 3/4" 1" 1 1/2" 2" 3"
2.04% 0.00% -0.40% 2.67% 6.73% -4.06%

Arizona American - Tubac
Analysis of Revenue by Detailed Class at Average Usage
Test Year Ended December 31, 2001

Rate Schedule Summary
Three Tier Rates
Bill Comparison

Line No.	Customer Classification <u>and/or Meter Size</u>	<u>Average Number of Customers</u>	<u>Revenues</u>			<u>Proposed Increase</u>	
			<u>at 12/31/01</u>	<u>Average Consumption</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Amount</u>
1	5/8 Inch	Residential	401	13,177	\$ 39.19	\$ 58.91	19.72
2	1 Inch	Residential	18	15,301	51.17	94.75	43.58
3	1.5 Inch	Residential	1	40,250	125.07	248.75	123.68
4	2 Inch	Residential	1	32,500	139.26	275.14	135.88
5	3 Inch	Residential	1	-	-	-	0.00%
6							
7	5/8 Inch	Commercial	53	9,090	30.85	54.38	23.53
8	1 Inch	Commercial	10	19,172	59.07	112.93	53.86
9	1.5 Inch	Commercial	2	35,167	114.70	208.20	93.50
10	2 Inch	Commercial	2	159,167	397.66	683.84	286.18
11	3 Inch	Commercial	1	22,833	133.54	371.56	238.02
12							
13	Totals		<u>490</u>				
14							
15	Actual Year End Number						
16	of Customers:		<u>494</u>				
17							
18	(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.						
19							
20							